

STORAGE NAME: h1241a.ted.doc
DATE: April 17, 2001

**HOUSE OF REPRESENTATIVES
AS REVISED BY THE COMMITTEE ON
TRANSPORTATION & ECONOMIC DEVELOPMENT APPROPRIATIONS
ANALYSIS**

BILL #: HB 1241

RELATING TO: Trust Funds

SPONSOR(S): Representative Hart

TIED BILL(S):

ORIGINATING COMMITTEE(S)/COUNCIL(S)/COMMITTEE(S) OF REFERENCE:

- (1) WORKFORCE AND TECHNICAL SKILLS YEAS 7 NAYS 0
- (2) TRANSPORTATION & ECONOMIC DEVELOPMENT APPROPRIATIONS YEAS 15 NAYS 0
- (3) FISCAL RESPONSIBILITY COUNCIL
- (4)
- (5)

I. SUMMARY:

This bill creates the Welfare Transition Trust Fund to be administered by the Agency for Workforce Innovation and to be used for supporting the welfare transition program set forth in ss. 445.017-445.032, Florida Statutes.

This bill creates an unnumbered section of the Florida Statutes and has an effective date of July 1, 2001.

II. SUBSTANTIVE ANALYSIS:

A. DOES THE BILL SUPPORT THE FOLLOWING PRINCIPLES:

- | | | | |
|-----------------------------------|------------------------------|-----------------------------|-----------------------------------------|
| 1. <u>Less Government</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 2. <u>Lower Taxes</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 3. <u>Individual Freedom</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 4. <u>Personal Responsibility</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. <u>Family Empowerment</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

For any principle that received a "no" above, please explain:

B. PRESENT SITUATION:

Agency for Workforce Innovation/Welfare Transition

In 1996, the U.S. Congress enacted the Personal Responsibility and Work Opportunity Reconciliation Act (act) [Pub. L. No. 104-193, 110 Stat. 2104 (1996)]. The act created block grants for Temporary Assistance for Needy Families (TANF) and replaced the former Aid to Families with Dependent Children (AFDC) program. In Florida, traditional welfare programs are administered by the Department of Children and Family Services. These programs include the cash assistance program and the federal Food Stamp Program. (See ch. 414, F.S.)

Under Florida's Workforce Innovation Act of 2000, the Legislature created Workforce Florida, Inc. (WFI), and the Agency for Workforce Innovation (ch. 2000-165, L.O.F.). In addition, the Workforce Innovation Act of 2000 revised the duties of the 24 regional workforce boards. Established as a not-for-profit corporation, WFI is the principal workforce policy organization for the state. WFI's purpose is "to design and implement strategies that help Floridians enter, remain in, and advance in the workplace, becoming more highly skilled and successful, benefiting these Floridians, Florida businesses, and the entire state, and to assist in developing the state's business climate." (s. 445.004(2), F.S.)

The Agency for Workforce Innovation (AWI) is an independent state agency created within the Department of Management Services. Its purpose is to ensure that the state appropriately administers federal and state workforce funding by administering the plans and policies of WFI under contract with WFI (s. 20.50(1), F.S.). AWI is the designated administrative agency for the receipt of federal workforce development grants and other federal funds (s. 20.50(2), F.S.). AWI has administrative responsibility for state and local program expenditures for welfare transition workforce services associated with the TANF program (s. 20.50(3)(h), F.S.). In this respect, AWI serves as the state's conduit for providing TANF funds to the regional workforce boards for the delivery of welfare transition services. In particular, AWI's Office of Workforce Services is responsible "for ensuring that participants in welfare transition programs receive case management services, diversion assistance, support services, including subsidized child care and transportation services, Medicaid services, and transition assistance to enable them to succeed in the workforce." (s. 20.50(2)(a), F.S.)

Distinct from the temporary cash assistance program administered through the Department of Children and Family Services under ch. 414, F.S., the state provides a variety of welfare transition services under ch. 445, F.S. These services, which are funded through the state's TANF block grant, are delivered to eligible citizens through regional workforce boards and the one-stop delivery system. Examples of these welfare transition activities include:

- Various employment, child care, transportation, relocation, and other services provided in order to divert from welfare families who are at risk of welfare dependency because their incomes do not exceed 200 percent of the federal poverty level (s. 445.018, F.S.);
- Services to reduce and avoid welfare dependency by reducing teen pregnancy, reducing the incidence of multiple pregnancies to teens, and assisting teens in completing educational programs (s. 445.019, F.S.);
- Services to assist families that wish to relocate to other communities with greater opportunities for economic self-sufficiency through employment or employment-related training (s. 445.021, F.S.);
- Retention Incentive Training Accounts, under which an individual may receive financial help with tuition, fees, educational materials, and other costs that a regional workforce board determines are necessary to help an individual retain a job and advance (s. 445.022, F.S.); and
- Transitional education and training, transportation, and child care for former recipients of cash assistance for up to two years after they become ineligible for cash assistance (ss. 445.030, 445.031, and 445.032, F.S.).

Currently, TANF funds that support the welfare transition program workforce activities are appropriated to the Employment Security Administration Trust Fund in AWI.

Creation and Operation of Trust Funds

A trust fund consists of moneys received by the state which, under law or under trust fund agreement, are segregated for a purpose authorized by law (s. 215.32(2)(b), F.S.). Section 19(f) of Article III of the State Constitution governs the creation of trust funds. It prohibits the creation by law of a trust fund of the state or other public body without a three-fifths vote of the membership of each house of the Legislature. The constitution further specifies that such a trust fund must be created in a separate bill for that purpose only.

The Legislature has articulated statutory criteria in s. 215.3207, F.S. governing the establishment of trust funds, as well. The statutory language creating a trust fund must, at a minimum, specify:

- The name of the trust fund;
- The agency or branch of state government responsible for administering the trust fund;
- The requirements or purposes that the trust fund is established to meet; and
- The sources of moneys to be credited to the trust fund or specific sources of receipts to be deposited in the trust fund.

The State Treasurer is directed to invest all the trust funds and all agency funds of each state agency (s. 18.125, F.S.). Under s. 216.301, F.S., any balance of an appropriation for any given fiscal year that is remaining after lawful expenditures have been charged against it shall revert to the fund from which the Legislature appropriated it and shall be available for re-appropriation.

Termination of Trust Funds

By constitutional requirement, trust funds created after November 4, 1992, shall terminate not more than four years after the effective date of the act authorizing the creation of the trust fund, unless the Legislature by law sets a shorter authorization period for the trust fund (s. 19(f)(2), Art. III, State Constitution). The constitution exempts specified types of trust funds from this automatic termination (id. at s. 19(f)(3)). A bill that creates a trust fund should specify its date of termination or if the trust fund is exempt from the automatic termination requirement, the bill should specify that the trust fund is exempt from this requirement.

C. EFFECT OF PROPOSED CHANGES:

This bill creates the Welfare Transition Trust Fund in the Agency for Workforce Innovation. The bill also provides that the Agency for Workforce Innovation shall administer the trust fund in support of the welfare transition program, including diversion services, employment and related services, transition services, and support services.

With respect to the sources of funds to be deposited in the trust fund, the bill specifies that funds budgeted for the welfare transition program may be appropriated to the trust fund. The bill also provides that additional funds may be placed in the trust fund – including incentive funds earned by the state. Notwithstanding the requirement in ch. 216, F.S., for the reversion of unexpended balances of appropriations, funds remaining in the trust fund at the end of the fiscal year, including interest earnings, may be retained in the trust fund in support of the fund's purposes.

The bill specifies that the trust fund is to be used for the purposes of the welfare transition program set forth in sections 445.017-445.032, Florida Statutes.

The act takes effect on July 1, 2001, if it is enacted by at least a three-fifths vote of the membership of each house of the Legislature. Consistent with the constitutional requirement, the bill specifies that the trust fund terminates on July 1, 2005, and that the trust fund is subject to review by the Legislature under s. 215.3206, F.S.

D. SECTION-BY-SECTION ANALYSIS:

This section need be completed only in the discretion of the Committee.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

N/A

2. Expenditures:

N/A

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

N/A

2. Expenditures:

N/A

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

N/A

D. FISCAL COMMENTS:

N/A

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

This bill does not require counties or municipalities to expend funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

This bill does not require counties or municipalities to expend funds.

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

This bill does not reduce the percentage of state tax shared with counties and municipalities.

V. COMMENTS:

A. CONSTITUTIONAL ISSUES:

N/A

B. RULE-MAKING AUTHORITY:

N/A

C. OTHER COMMENTS:

N/A

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

N/A

VII. SIGNATURES:

COMMITTEE ON WORKFORCE AND TECHNICAL SKILLS:

Prepared by:

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Ken Winker

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AS REVISED BY THE COMMITTEE ON TRANSPORTATION & ECONOMIC DEVELOPMENT
APPROPRIATIONS:

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